

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 1914 - HB 1582**

March 5, 2009

**SUMMARY OF BILL:** Eliminates the state single article tax of 2.75 percent which is levied on the amount in excess of \$1,600, but less than \$3,200, on the sale or use of any single article of personal property. Increases the amount to which the local option sales tax may be applied from \$1,600 to \$3,200, and establishes an annual adjustment based on the percentage increase of the Consumer Price Index.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$48,700,000**

**Increase Local Revenue - \$44,272,700**

Assumptions:

- According to the Department of Revenue, state revenue derived from the state single article tax was approximately \$48,700,000 in FY07-08.
- Revenue collections from the state single article tax remains constant in subsequent years.
- The decrease to state revenue is estimated to be \$48,700,000 per year.
- The portion of total sales taxable at the state single article tax rate is estimated to be \$1,770,909,100 per year ( $\$48,700,000 / 2.75\% = \$1,770,909,091$ ).
- There would not be a proportional increase to local government revenue because local option sales tax rates range from 2.25 percent to 2.75 percent. The average local option sales tax rate is estimated to be 2.5 percent.
- The increase to local government revenue is estimated to be \$44,272,700 per year ( $\$1,770,909,100 \times 2.5\% = \$44,272,727$ ).

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**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/rnc